EXECUTIVE DIRECTOR'S REPORT TO THE COLORADO RIVER BOARD OF CALIFORNIA

April 12, 2017

ADMINISTRATION

Minutes of the March 15, 2017 Meeting of the Colorado River Board

A draft of the Minutes from the March 15th Board meeting has been prepared and included in the Board folder for Board member and agency review and proposed adoption during the Board meeting.

COLORADO RIVER BASIN WATER REPORT

As of April 3, 2017, the water surface elevation at Lake Mead was 1,088.30 feet with 10.71 million acre-feet of storage, or 41% of capacity. The water surface elevation at Lake Powell was 3,596.35 feet with 11.41 million acre-feet of storage, or 47% of capacity. As of April 3rd, the total system storage was 29.93 million acre-feet, which is 50% of capacity, and approximately 1.2 million acre-feet more than this time last year. As of April 3rd, the Upper Colorado River basin reservoirs excluding Lake Powell, ranged from 57% of capacity at Fontenelle in Wyoming, 85% of capacity at Flaming Gorge in Wyoming and Utah, 92% of capacity at Morrow Point and 70% of capacity at Blue Mesa in Colorado, and 87% of capacity at Navajo in New Mexico.

The U.S. Bureau of Reclamation (Reclamation) is scheduled to release the April 24-Month Study on April 17th. Pursuant to the 2007 Interim Guidelines for the Coordinated Operations of Lake Powell and Lake Mead, the April 24-Month Study will be used to determine the mid-year adjustment for the remainder of Water Year-2017. This adjustment could increase Lake Powell releases to 9 million acre-feet or greater. Reclamation has scheduled a webinar for interested stakeholders on April 17th to review the results of the April 24-Month Study.

The Lower Basin water use forecasts continue to reflect decreased water uses and Lower Basin water uses are currently projected to be about 6.9 million acre-feet. For the first time in many years, California's Colorado River water use forecast for Calendar-Year 2017 is projected to be less than 4 million acre-feet.

Reclamation reported that as of April 4, 2017, storage in Brock and Senator Wash reservoir system was 36,640 acre-feet and 17,820 acre-feet, respectively. Finally, as of April 9th, the excess deliveries to Mexico totaled 5,980 acre-feet.

The Colorado Basin River Forecast Center (CBRFC) held a webinar on April 6th to review the water supply conditions and forecast. March was warm and dry across much of the basin, with precipitation delivered unevenly across the Upper Colorado River Basin, as can be seen in Figure 1 below. Significant precipitation occurred in the Green River (and Great Basin) in the last 7-10 days of March and helped improve otherwise very dry conditions throughout the basin.

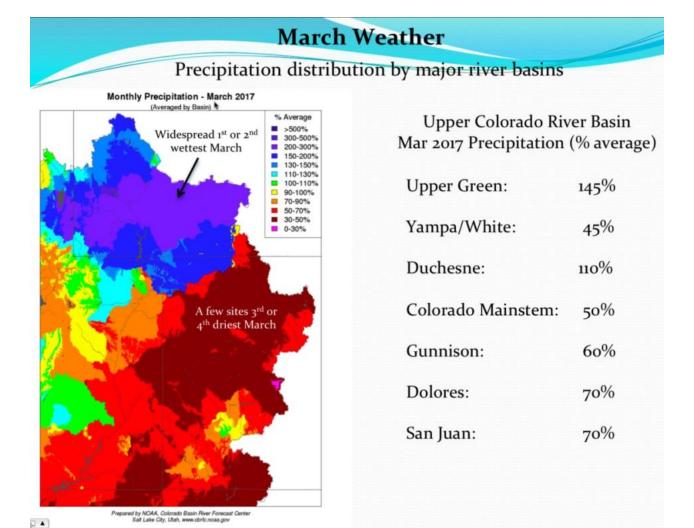


Figure 1—Precipitation distribution in March 2017 across the Upper Colorado River Basin

The Upper Green received 145% of average precipitation for the month, while areas such as the upper Colorado River mainstem received only 50% of average precipitation. The above-average temperatures also led to significant runoff in low-elevation (<8,500 feet) and mid-elevation (8,500 feet to 10,000 feet) areas across the basin. Many areas in the Upper Basin experienced record-breaking March runoff. This early runoff and the generally dry March conditions led to decreased snowpack and lower April-July streamflow runoff estimates because some of the runoff volume shifted to March. Despite decreases, almost all areas are still expected to experience above average April-July runoff. Saturated soils exist in some areas, and spring rainfall may run off very efficiently. The runoff estimates for Fontenelle and Flaming Gorge dams are still extremely high, at over 230% of average. However, the runoff estimate at Lake Powell decreased from 145% of average on March 1 to 130% of average as of April 1. Figure 2, below, depicts the CBRFC's projections for the April-July streamflow runoff period.

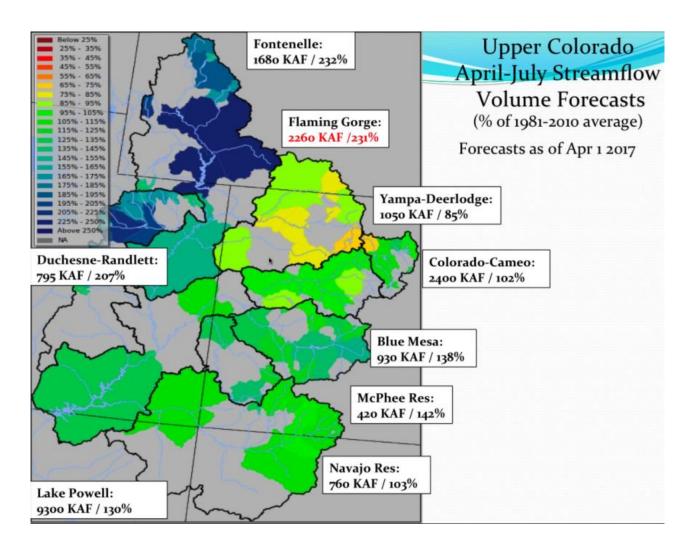


Figure 2—April-July Streamflow Volume Forecasts (% of 1981-2010 average) as of April 1, 2017

For the Lower Colorado River Basin, the precipitation was below normal throughout the basin for the month of March.

Forecasts of April weather presented by the CBRFC indicate that April is expected to have a fairly active weather pattern over at least the first three weeks of the month. A series of storms, interspersed with warm, dry periods, is expected to bring moisture to the basin, although the magnitude of these storms is still uncertain. The full presentation can be found here: https://www.cbrfc.noaa.gov/present/2017/COwsupapr2017.pdf.

For your information, on May 23-24, the Southern Nevada Water Authority (SNWA) will be hosting a Hydrology Research Symposium to facilitate a dialogue between agency technical staff, water managers and Colorado River researchers to discuss the latest research and findings in the fields of hydrology, climate science, and modeling. A select number of open positions are available for

California member agency technical staff that may be interested in attending the symposium and workshop.

California Drought Update

On April 7th, Governor Brown issued Executive Order B-40-17 that rescinded the drought state of emergency throughout most of California, and directed the State Water Resources Control Board (State Board) to rescind the emergency regulations requiring the water supply stress test or mandatory conservation standards for urban water agencies. The Executive Order does continue ongoing efforts of the State Board and other state agencies towards "maintaining conservation as a way of life" in California. Making conservation a way of life is one of the actions from the 2016 Update to the California Water Action Plan, which is intended to help put California on a path to sustainable water management. A copy of the Governor's Executive Order is included in the Board handout materials. For more information, see https://www.gov.ca.gov/news.php?id=19748. A copy of the summary of the state agencies' plan to make conservation a way of life has also been included in the Board handout materials. viewed here: and can be http://www.water.ca.gov/news/newsreleases/2017/040717-2 conservation.pdf.

COLORADO RIVER BASIN PROGRAM REPORTS

Drought Contingency Planning Process

Technical representatives of Reclamation and the Basin States continue to evaluate modeling assumptions and results associated with both the Lower Basin DCP and Upper Basin Drought Operations Memorandum of Agreement (UB DCP, which also includes elements of weather modification and demand management). The modeling group, with support from Reclamation, intends to develop additional data and information that the Basin States can utilize in making decisions associated with the finalization and implementation of both the UB and LB DCPs, as well as the relationship to the proposed Mexican Water Scarcity Contingency Plan (through Minute 32x).

The technical modeling group and Reclamation met in Las Vegas, Nevada, on April 5th to evaluate the results of additional sensitivity analyses related to the frequency of annual release volumes from Lake Powell as well as impacts related to the Upper Basin's desired minimum power-pool protection elevation of 3,525 feet in Lake Powell. Currently, one of the identified benefits of implementation of the proposed Upper Basin Drought Operations would be a reduced risk of a Tier 3 shortage in the Lower Basin. Additionally, the group agreed on the development of a set of tables and graphs illustrating the benefits and impacts of the DCPs that can be presented to the Basin States principals at their next meeting.

Status of Minutes 319 and 32x

As has been reported at prior Board meetings, a near-final draft of Minute 32x (M32x) has been developed by U.S. and Mexican representatives of the Minute Negotiating Group using input from the binational workgroups on Hydrology, Salinity, Flow Variability, Environmental Flows, Binational Projects, and the All-American Canal Turnout. As the Board is aware, it was not possible to complete and execute the new Minute prior to the change in the new U.S. federal Administration

on January 20, 2017, in part because implementation issues were still under discussion between the Upper Basin and Lower Basin and the necessary domestic implementation agreements had not been finalized.

While the current positions of the U.S. and Mexican federal administrations remain unclear, the Basin States are working with Reclamation to develop final drafts of the various domestic agreements that would be required for the execution and implementation M32x. Domestic agreements that remain to be completed include: (1) an Implementation Memorandum of Agreement; (2) Interim Operating Agreement; (3) Binational Intentionally Created Surplus Forbearance Agreement; and (4) a Contributed Funds Agreement.

A meeting of the Lower Basin U.S. Technical Team representatives was held on March 27th in Las Vegas, Nevada. The purpose of that meeting was to review the status of the draft M32x and related domestic agreements. Additionally, the group discussed a proposed schedule for completion of the domestic agreements that could support the execution of the final M32x prior to the expiration of Minute 319 on December 31, 2017. A full U.S. Technical Team webinar has been scheduled for April 13th from 9:00 a.m. to 1:00 p.m., and is intended to provide the entire Technical Team a forum for reviewing the draft Minute and discuss the next steps and schedule for the domestic agreements. Finally, a two-day drafting workshop has been scheduled for May 2-3 in Las Vegas, Nevada, to receive comments and continue working on the domestic agreements.

<u>Draft 2016 Water Use & Accounting Report Preparation</u>

Reclamation's Lower Colorado Region Water Use and Verification Group distributed the California portion of the proposed 2016 Colorado River Accounting and Water Use Report on April 7th for review by the California agencies. This first draft includes only those sections of the report pertaining to the State of California. Reclamation would appreciate receiving any comments on this first draft by the close of business, Friday, April 14, 2017. Reclamation will incorporate comments as appropriate and provide a final draft of the entire report for a second round of review and comment in late-April. Reclamation also cautioned that all values in the first draft of the report are considered provisional until verified and published in the final report; and based upon comments received, resolution of outstanding issues and Reclamation's final quality-control checking of the data, some values and footnotes may change between this and the final draft. As in the past, Board staff will coordinate with member agencies in developing comment responses to Reclamation's Water Use and Verification Group.

Colorado River Basin Salinity Control Program

The Colorado River Basin Salinity Control Forum is in the process of preparing testimony to congressional subcommittees in support of FY-2018 appropriations for the Natural Resources Conservation Service's (NRCS) Environmental Quality Incentives Program (EQIP), Reclamation's Basinwide Program and the Bureau of Land Management's salinity control efforts under its Soil, Water and Air Program. The testimony is supportive of the funding levels adopted by the Forum and the Advisory Council during the fall 2016 meetings. The funding requests for FY-2018 are \$15.9M for the NRCS EQIP; \$10.3M for Reclamation's Basinwide Program; and \$1.5M for BLM's salinity-specific projects. The Board will be preparing similar appropriations testimony in support of the Salinity Control Program over the next couple of months for other applicable committees and subcommittees. MWD and the Central Arizona Project are also submitting testimony in support of

the program. Copies of the Board's and the Forum's testimony memoranda have been included in the Board folder.

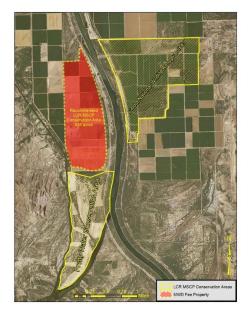
The Paradox Valley Unit Injection well has been shut down since a 2.9 magnitude injection-induced earthquake occurred on March 12th. After reviewing the seismic data and operational options, Reclamation has resumed injection operations on April 6th at a reduced rate of 88 gallons per minute as opposed to 100 gallons per minute for each pump, and proposes to shorten the shut-down or rest period from 18 hours per week to 6 hours per week. This new operational injection rate will result in a reduction of about 5,000 tons of salt disposal annually. Reclamation continues to develop a better understanding of seismic risk with flow modeling and conducting further analysis of operational risk-management strategies. Reclamation's background and decision document is included in the Board folder. Reclamation will be holding the next Paradox Valley Unit EIS Cooperating Agencies meeting on April 12th to give an update on the EIS-preparation process.

The next Work Group meeting will be in Salt Lake City, Utah, on April 19-20. The Work Group is expected to focus on continuing to prepare the draft 2017 Triennial Review. The Forum and the Advisory Council will meet on June 8-9 at the Jackson Lake Lodge in Wyoming, with the Work Group meeting on June 7th.

Lower Colorado River Multi-Species Conservation Program (LCR MSCP)

The Lower Colorado River Multi-Species Conservation Program (LCR MSCP) Work Group met March 29th in Las Vegas, Nevada. The work group discussed the proposed addition of the northern Mexican garter snake to the program as a covered species. An amendment to the program's Habitat Conservation Plan (HCP) to add coverage for the species has been drafted. The amendment lays out conservation measures that would be taken by the program to mitigate and avoid impacts to the garter snake. The documents are expected to be brought to the Steering Committee for action in June. The group plans to discuss the practical aspects of finalizing the amendment, such as collecting signatures from signatories of the program's Implementing Agreement, at a work group meeting in May.

The group also discussed two new conservation areas: the Mohave Valley Conservation Area and the Dennis Underwood Conservation Area. The Mohave Valley Conservation Areas is a 50-acre backwater project near Needles, California that is currently under construction. The area will provide much-needed backwater habitat acreage in California, in satisfaction of the program's CESA 2081 permit. The Dennis Underwood Conservation Area is a 635-acre area (in orange, at right) at the southern end of the Palo Verde Irrigation District (PVID). The area is currently MWD-owned agricultural land and is immediately adjacent to the existing Pretty Water Conservation Area on the Cibola National Wildlife Refuge.



Reclamation's LCR MSCP staff also reported that an outbreak of the ich parasite at the USFWS Willow Beach National Fish Hatchery resulted in the death of approximately 33,000 razorback suckers that were being raised by the program for release into the Lower Colorado River. It is uncertain how the parasite was introduced into the hatchery, but its quick spread and limited treatment options led to significant mortality, including the complete loss of several year classes of fish. The loss of these fish will result in revised fish stocking plans for the next several years, and the program is implementing preventative measures to avoid future outbreaks.

The LCR MSCP Steering Committee plans to meet in Las Vegas, Nevada on April 26th, and the work group will meet May 10-11 at the offices of the San Diego County Water Authority in San Diego, California. The work group will discuss the FY-18 budget and work plan, which will be released in June along with the accomplishment report for the current and previous year's activities.

GENERAL ANNOUNCEMENTS & UPDATES

Washington D.C. Updates

On April 6th, Department of the Interior Secretary, Ryan Zinke, appointed two deputy assistant secretaries to his senior leadership team. The first is Ms. Aurelia Skipwith as deputy assistant secretary for Fish, Wildlife and Parks; and the second is Ms. Katharine MacGregor as deputy assistant secretary for Land and Minerals Management.

Mr. Sonny Perdue has been voted out of the Senate Agriculture Committee and awaits a full vote of the Senate for his confirmation to become the next Secretary of the U.S. Department of Agriculture.

Finally, it is expected that the congress will put forth a short-term stopgap spending bill to buy time to come to agreement on an omnibus funding package.

Alternatives to Permanent Fallowing Workshop

Board staff attended a half-day workshop on "alternatives to permanent fallowing" on March 29th in Tucson, Arizona. The workshop was organized by the Colorado Water Institute and Colorado State University and facilitated by Mr. Brad Udall and Mr. Gregory Peterson. The workshops are intended to provide support for efforts focused on keeping Colorado River Basin agriculture economically healthy while finding agricultural water for non-agricultural purposes. Specifically, the workshop looked at the following three agricultural water conservation and transfer methods: (1) Crop switching; (2) Rotational fallowing; and (3) Deficit irrigation. Workshops are being held in the Upper Basin, Lower Basin and Washington, D.C. An executive summary of the document prepared for the workshops has been included in the Board handout materials. A copy of the full report can be accessed at https://drive.google.com/drive/folders/0B_DulpnMk7M_T1d5bWFJbVdCQk0.

Christopher S. Harris Executive Director